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Backdated CPP gas levy unlawful, rules SHC

Court declares levy unenforceable without notified rate

By Ishaq Tanoli

KARACHI: The Sindh High Court has ruled that the collection of a levy imposed on gas supply to industrial captive power plants (CPPs) with retrospective effect was *ultra vires* (beyond legal authority) the relevant law.

The court also observed that the levy on CPPs could not take effect immediately upon the promulgation of the law, as the ordinance itself never determined the rate of the levy.

A two-judge bench comprising Justice Adnan Iqbal Chaudhry and Justice Muhammad Jaffer Raza further noted that the levy was to be calculated in accordance with the mechanism envisioned under Section 4 of the Off-Grid Power Plants Levy Act, 2025, and could only become operative after the rate had been calculated and duly notified.

The bench made these observations while disposing of 30 identical petitions filed by various industrial units challenging bills issued by Sui Southern Gas Company (SSGC) for the recovery of the levy on CPPs for periods prior to the notification of the applicable rate.

The petitioners said they were consumers of natural gas and operating CPPs as defined under the Off-Grid (Captive Power Plants) Levy Ordinance, 2025, which was later repealed in July last year after the enactment of the Off-Grid Captive Power Plants Levy Act.

They argued that the levy rate was first notified by the authorities under Section 3 of the Act through a notification issued on March 7, 2025, followed by another notification on July 23 last year. However, the bills issued to them in May, and in some cases August, sought to recover the levy for February and March under the rate notified in these notifications.

In its judgement, the bench noted that statutory notifications could not operate retrospectively in the absence of express authorisation by the legislature, except where they were beneficial or procedural in nature.

It observed that the notifications in question did not provide for retrospective application and that Sections 3 and 4 of the law did not envisage the levy being imposed retrospectively.

The court further noted that uncertainty regarding the retrospective application of the levy was evident within the Ministry of Energy itself. It referred to a letter issued on April 11 last year directing agents, including SSGC, to recover the levy for February and March, which was withdrawn through another letter issued the same day.

Subsequently, through a letter dated April 18, 2025, the agents were informed that legal opinion had been sought from the law and justice division and the attorney general's office on the issue of retrospective application. In May, the agents were then directed to collect the levy at the notified rate, the judgement added.

The court rejected the respondents' contention that the liability of CPPs to pay the levy arose immediately upon the promulgation of the ordinance, holding that the argument was misconceived since the ordinance itself did not determine the levy rate.

The bench declared that the impugned bills issued by SSGC for the recovery of the levy for periods prior to March 7, 2025, were ultra vires Sections 3 and 4 of the Ordinance and the Act.

Basmati boom propels Pakistan past Vietnam

December surge boosts rankings despite structural challenges

By Amjad Mahmood

LAHORE: Pakistan's rice exports recorded a strong rebound in December 2025, registering a 14 per cent month-on-month (MoM) increase compared to November, primarily driven by a more than 50pc surge in Basmati shipments.

The impressive performance enabled Pakistan to overtake Vietnam and emerge as the world's third-largest rice exporter, behind India and Thailand, during the month.

According to trade data, Pakistan exported 489,000 tonnes of rice in December 2025, excluding shipments to Iran, compared to Vietnam's 387,000 tonnes. This marks Pakistan's best monthly rice export performance, underscoring renewed momentum in the sector.

The UAE remained the top destination for Pakistani rice, importing 74,897 tonnes, including 16,850 tonnes of Basmati. China followed closely with 74,685 tonnes, while other major destinations included Tanzania (62,900 tonnes), Kenya (60,300 tonnes), Ivory Coast (41,700 tonnes), Guinea-Bissau (31,850 tonnes), Malaysia (23,930 tonnes), Madagascar (17,800 tonnes), Kazakhstan (17,050 tonnes), Saudi Arabia (16,032 tonnes, including 5,350 tonnes of Basmati), the EU and UK combined (21,100 tonnes, including 15,600 tonnes of Basmati), Oman (5,770 tonnes), the United States (2,230 tonnes), and Canada (1,321 tonnes).

A notable development during December was Pakistan's growing footprint in Central Asian markets. Exports to Kazakhstan exceeded 17,000 tonnes, including 10,300 tonnes of Basmati, while shipments to Uzbekistan stood at 10,382 tonnes. Industry experts say this reflects a structural shift, as Pakistan is now exporting directly to Central Asian states such as Kazakhstan, Uzbekistan, Azerbaijan, Turkmenistan, Tajikistan, and Kyrgyzstan. Previously, much of this trade moved indirectly through Afghanistan, but the closure of the Afghan border has prompted direct export routes, making Pakistan's presence in the region more visible.

Despite the encouraging December figures, the rice export sector continues to face deep-rooted challenges. Structural, financial, marketing, and capacity-related weaknesses persist, with one of the most significant gaps being Pakistan's negligible exports to Iraq — currently the world's second-largest importer of Indian Basmati rice after Saudi Arabia. Similarly, Pakistan's exports to Turkiye, a key transit hub for Iraq, Jordan, Syria, and parts of Eastern Europe, remain minimal.

Prime Minister Shehbaz Sharif has recently directed authorities to formulate a comprehensive strategy to boost rice exports and reduce the widening trade deficit.

Government officials have attributed the downturn to low-priced Indian rice and phytosanitary rejections at borders. However, exporters argue that Pakistan's rice sector is suffering primarily due to policy missteps.

Hamid Malik, a rice sector analyst, says the causes include intense global competition, higher global production — especially in India — weakening international demand, rising ocean freight and logistics costs, inconsistent fiscal and monetary policies, irrational regulatory frameworks, inflated domestic prices caused by hoarding and undocumented money, and security-related border closures.

Amid these challenges, Malik sees several positive developments as a silver lining. "There is strong demand for Pakistani rice in Bangladesh, although higher freight costs have eroded competitiveness."

Central Asian states are also emerging as promising markets since the start of Pakistan's harvesting season in October 2025. Additionally, a 50pc tariff imposed by the United States on Indian rice exports has begun to benefit Pakistan, with shipments to the US gradually picking up, says Abu Bakr, an exporter.

Another significant development is unfolding in Iran, where foreign exchange shortages have led the Iranian Central Bank to stop issuing subsidised foreign exchange for rice imports. Iranian traders are now importing rice using their own funds, a shift that has favoured Pakistan due to geographic proximity. Pakistani exporters report a surge in Iranian demand, while Indian exporters have been adversely affected.

Customs foil gold, currency smuggling attempts

By Mubarak Zeb Khan

ISLAMABAD: Pakistan Customs at Jinnah International Airport (JIAP), Karachi, have foiled two separate attempts to smuggle gold and undeclared foreign currency during passenger clearance at the International Departures terminal.

In two other cases, customs have seized goods worth approximately Rs1 billion in Quetta and Multan, while cases have been registered against the individuals.

An official announcement from the Federal Board of Revenue, issued here on Saturday, stated that in both cases at JIAP, a total of 10 STB gold bars/bullions, weighing 100 tolas, and foreign currency amounting to $11,900 were seized. The combined value of both cases is approximately Rs50.682m.

FIRs have been lodged under the relevant provisions of the Customs Act 1969. Customs officials intercepted a passenger travelling to Dubai via flight no. FZ-330, after baggage scanning indicated the possible concealment of precious metal.

Earlier, Customs staff intercepted another passenger travelling to Istanbul via flight no. TK-709 on suspicion of concealed gold bars detected through baggage scanning. During a detailed examination at the joint examination counter, seven STB gold bars/bullions weighing 10 tolas each were recovered from the passenger's baggage. The value of this case is approximately Rs35m.

Meanwhile, the Collectorate of Customs, Multan, conducted coordinated anti-smuggling raids at Mushahid Centre and Galla Mandi, and detained a substantial quantity of smuggled and illicit goods worth Rs400.142m.

The teams recovered foreign cigarettes, skimmed milk powder, permeate powder, cumin seeds, betel nuts, monosodium glutamate, Shahin Gutka, hookah flavours, vape devices, and related accessories.

SANAA: A Yemeni man tastes a chocolate paste called 'Happiness' at a stand during the fourth Honey and Bee Products Exhibition in the Houthi-controlled Yemeni capital, on Saturday.—AFP

Public shows cautious optimism about economy

By Our Staff Reporter

KARACHI: A majority of Pakistanis expect economic improvement or stability in 2026, but public opinion reflects cautious optimism rather than exuberance, according to a survey.

The survey titled "Pakistan's 2026 Outlook and Public Priorities", conducted by the Institute of Cost and Management Accountants of Pakistan (ICMA), shows that 56.9 per cent of respondents expect economic improvement in 2026, while 43.1pc anticipate stability. Nearly 29.3pc describe the outlook as promising, and 25pc expect the economy to grow, driven by hopes of recovery in industry, exports and domestic demand.

However, only 2.6pc view the economy as strong, indicating that structural constraints and weak investment continue to temper expectations. Overall confidence is improving, but respondents see progress as gradual rather than transformational, the survey noted.

Political instability emerged as the top concern, cited by 33.6pc of respondents. Many fear that without political cohesion, the fragile economic recovery could lose momentum. Youth unemployment followed closely at 29.3pc, reflecting anxiety over whether economic growth will translate into meaningful job opportunities.

High inflation, while still a concern for 26.7pc, is now viewed as secondary to deeper structural issues. Extreme weather risks, cited by 10.3pc, are recognised but seen as a more distant threat. Political stability and opportunity creation are widely viewed as decisive factors for success in 2026.

The survey also captures strong public views on what needs to change. Repetition of failed policies tops the list at 31pc, reflecting frustration with short-term fixes that fail to deliver lasting results. Political conflict, cited by 28.4pc, is seen as creating uncertainty, slowing decision-making and weakening confidence.

Another 26.7pc believe Pakistan must reduce its reliance on foreign loans and strengthen self-reliance through higher domestic revenue and exports. Neglect of public services, including health and education, is highlighted by 13.8pc. Respondents emphasised the need for long-term planning, political stability and consistent policy direction to support sustainable progress.

Exploration firms protest Rs1.5tr gas dues

SNGPL owes Rs718bn and SSGCL Rs730bn up to September 2025

By Kalbe Ali

ISLAMABAD: The upstream oil and gas exploration and production companies have lodged a strong protest against the state-owned Sui Southern Gas Company Ltd and Sui Northern Gas Pipeline Ltd for defaulting on more than Rs1.5 trillion in overdue payments.

Pakistan Petroleum Exploration and Production Companies Association (PPEPCA), in a letter to the Petroleum Division, said that more than Rs1.5tr was pending against SNGPL and SSGC.

The dues of exploration companies stood at Rs224 billion in June 2015, which piled up to Rs1.5tr by September 2025, excluding late payment surcharges.

"It is deeply concerning that no material improvement has been observed in the outstanding receivables during the fiscal year 2024-25, despite four consecutive consumer gas price increases notified on Nov 1, 2023, Feb 1, 2024, July 1, 2024, and Jan 1, 2025," PPEPCA has said.

The association said that in recent times, this sector has been producing 2.68 billion cubic feet daily (BCFD), meeting over 30 per cent of the country's primary energy needs. However, the sector is witnessing a downward trend, driven primarily by the persistent defaults of state-owned gas utility companies in settling overdue payments to E&P companies.

This deterioration not only threatens energy security but also undermines investor confidence, further weakening the overall investment climate in the country, it said.

The letter added that, as a result, the country's gas production has declined significantly from its peak of 4 BCF per day.

PPEPCA said that SNGPL was to pay Rs718bn, whereas SSGCL was to pay Rs730bn to oil and gas exploration companies.

It added that the balance provided does not reflect the total receivables of upstream companies, as some companies have not provided the required data.

The E&P companies affected by the huge overdue debt include Al Haj, GHPL, Kufpec, Mari, OGDCL, OPI, POGC, POL, PPL, Prime and UEP. It added that the receivables have accumulated over 10 years, and PPEPCA also expressed concerns that several E&P companies exited Pakistan during this period.

PPEPCA has referred to the terms and conditions in Petroleum Concession Agreements and Gas Sale Agreements, clearly stating that gas buyers must make payment within 30 days of receiving the invoice.

The critical cash flow crisis has led to the scaling back of exploration and development activities, resulting in a continuous decline in indigenous gas supplies.

Minerals investment forum in April

ISLAMABAD: Petroleum Minister Ali Pervaiz Malik has formally invited global stakeholders to participate in the Pakistan Minerals Investment Forum to be held in April.

He is currently representing Pakistan at the Future Minerals Forum (FMF) in Riyadh, where he participated in high-level discussions showcasing Pakistan's immense mineral potential to the world.

The minister took part in a ministerial panel titled 'Dawn of a Global Cause: The Role of Governments in Driving Mineral Supply.' During the discussion, Mr Malik highlighted that the government is actively reducing systemic friction by simplifying the regulatory environment and harmonising the mineral sector framework.

Mr Malik emphasised that Pakistan possesses vast and diverse mineral potential, offering significant opportunities for global partnerships.

The panel acknowledged Pakistan's growing prominence, recognising it as an emerging and attractive mineral destination. It was noted that, due to Pakistan's immense potential, the world appears to be knocking at Pakistan's door to secure minerals, reflecting increasing international interest.

On the sidelines of FMF, the mnister held a series of high-level bilateral meetings.—Staff Reporter

Govt borrows Rs1.19tr in 1HFY26

By Our Staff Reporter

KARACHI: Despite a 10 per cent year-on-year increase in revenue collection, the government borrowed net Rs1.192 trillion from scheduled banks in the first half of the current fiscal year against retirement of Rs1.255tr in the same period last year.

The Federal Board of Revenue (FBR) collected Rs6.159 trillion during July-December FY26 against the target of Rs6.490tr, a shortfall of Rs331bn. However, it is 10pc higher compared to the year-ago figure of Rs5.618tr.

The borrowing in 1HFY26 means the government spent much higher than the last year.

This is also interesting to note that the State Bank reported a net profit of Rs2.5tr for FY25, which was transferred to the federal government. Despite this additional liquidity, the government is borrowing heavily from banks.

Banks are comfortable to invest in the government papers as they get risk-free high yields which made the financial sector most stable financial sector.

Last week the banks bids for the treasury bills auctions were Rs2.5tr reflecting the eagerness of banks to park their liquidity in the safest place.

"Investments in government securities remained the main driver of banking sector balance sheet," said the State Bank in its annual report for 2024-25.

Late rally lifts equities in volatile week

Friday surge offset geopolitical jitters and subdued trading activity

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) endured a highly volatile week but managed to close on a positive note, buoyed by a sharp rally in the final session as easing geopolitical tensions and robust large-scale manufacturing (LSM) data revived investor confidence.

After remaining under pressure due to regional uncertainties and mixed macroeconomic signals, bulls returned with force on Friday. The benchmark KSE-100 index surged by more than 3,642 points in a single session, reclaiming the 185,000 level and snapping a two-session decline.

Despite the dramatic finish, weekly gains remained modest. According to Topline Securities Ltd, the KSE-100 index posted a week-on-week increase of just 0.37 per cent, sharply lower than the 3pc gain recorded in the previous week. The brokerage attributed the slowdown in momentum to reduced inflows from local mutual funds amid heightened geopolitical tensions linked to the US-Iran situation.

Market activity also weakened. Average daily traded volume fell 24pc week-on-week to 982 million shares, while average daily value declined 26pc to Rs58.5 billion, reflecting cautious investor participation.

Key economic developments during the week provided some support. Data released by the Pakistan Automotive Manufacturers Association showed car sales of 13,280 units in December 2025, marking a 35pc increase year-on-year, though down 14pc month-on-month. Meanwhile, the LSM index posted a strong 10.37pc year-on-year growth in November 2025 and a marginal 0.16pc month-on-month increase, reinforcing expectations of a gradual economic recovery.

The bond market also signalled optimism. In the latest Pakistan Investment Bonds auction, the government raised Rs488bn against a target of Rs450bn, with cut-off yields declining by 59 to 70 basis points across various tenors. The fall in yields reflected growing expectations of a policy rate cut at the upcoming monetary policy meeting on Jan 26.

According to Arif Habib Ltd (AHL), the KSE-100 index remained largely rangebound for most of the week before closing at 185,099 points, up 689 points or 0.4pc week-on-week. The brokerage noted that market sentiment stayed subdued amid escalating geopolitical uncertainty, but improved sharply on Friday due to fresh liquidity, easing tensions and strengthened expectations of monetary easing.

On the macro front, oil production rose 1.1pc week-on-week to 65,444 barrels per day, led by higher output from northern fields amid reduced curtailment. Gas production increased to 3,012 million cubic feet per day, the highest level since mid-March 2025, driven by increased supply to the fertiliser and power sectors. Prices of motor spirit and high-speed diesel remained unchanged at Rs253.17 and Rs257.08 per litre, respectively.

Foreign exchange indicators showed marginal improvement. State Bank of Pakistan-held reserves increased by $16.1 million to $16.1bn, while the rupee appreciated slightly by 0.03pc week-on-week to close at Rs279.95 against the US dollar.

AHL expects the market to remain positive in the coming week, supported by the approaching monetary policy decision and anticipation of a rate cut. The brokerage added that the ongoing corporate result season could provide further upside, particularly in case of positive earnings surprises. The KSE-100 index is currently trading at a price-to-earnings ratio of 9.2 times, offering an attractive dividend yield of around 5.4pc.

AKD Securities Ltd also highlighted sustained volatility during the week but noted that bullish momentum ultimately prevailed as geopolitical risks began to subside and positive macroeconomic developments emerged. The brokerage pointed to defence export discussions with regional partners and strong LSM growth as supportive factors.

Sector-wise, transport, paper and board, oil and gas exploration, property, and automobile parts were among the top performers, while textile-related sectors lagged. In terms of investor flows, individuals and mutual funds were net buyers, whereas banks and insurance companies remained net sellers.

Overall, analysts believe that while near-term volatility may persist, improving macro indicators and expectations of monetary easing could keep the PSX on a constructive path in the weeks ahead.